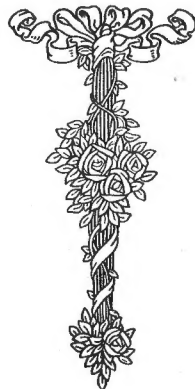


THE ALBERTA POOL AND THE GRAIN TRADE

Consult "Wheat Pool Lectures" for complete information
on all phases of Pool's operations.



ISSUED BY .

DEPARTMENT OF EDUCATION
ALBERTA CO-OPERATIVE WHEAT PRODUCERS
LIMITED

CALGARY, ALBERTA

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INTRODUCTION

This little pamphlet contains a complete and we think effective answer to the Grain Trade's anti-Pool propaganda.

The great majority of Pool farmers will not be disturbed by the Grain Trade's attempts by means, foul or fair, to induce farmers to give up the safe and certain Pool plan for the risky and uncertain private Grain Trade plan.

Realizing that the future welfare of Alberta farmers will, to a very great extent, depend upon the success of farmers' co-operative enterprises and realizing that the Pool plan is the only sure way to procure every possible cent for their wheat, Alberta farmers will not hesitate to sign for safety. Alberta farmers will not tarry to accept the Pool's guarantee to return to the farmers every penny the consumer pays for their grain minus only the minimum and necessary marketing costs in preference to the private Grain Trade's inferior and costly service.

For a complete story of the objectives, methods of organization and operation and accomplishments of the Alberta Wheat Pool, procure and read "Wheat Pool Lectures" which may be obtained free of charge by any one from the Department of Education of the Alberta Wheat Pool.

The Department of Education welcomes, and will answer promptly, enquiries regarding the Pool system of marketing from anyone at any time.

ANDREW CAIRNS,
Department of Education.

1. FACTS ABOUT GRAIN MARKETING BY THE ALBERTA WHEAT POOL

Farmers throughout the Prairie Provinces are receiving a great deal of free literature from the Northwest Grain Dealers' Association and country elevator agents. The free literature we speak of is the anti-Pool propaganda which has been circulated in considerable volume to Pool members. The most recent information of this sort is a small booklet which summarizes the misinformation given out previously in small circulars and also some additional news, including a few opinions of the Pool by the Grain Trade.

The underlying argument of the Grain Trade propaganda is that agricultural co-operation is unsound in theory and unworkable in practice. The most vicious form of co-operation is, in their view, wheat pooling. Farmers would be well advised, they argue, to abandon the Pool which has deprived them of so much and patronize the old Grain Trade which always has given and always will give the farmers more than they will get through co-operation.

What has the Grain Trade done for the farmers?

The private Grain Trade has been built up and maintained by the farmers. The farmers have made possible the profits of the Grain Trade by delivering their grain to it. The present capital of the Grain Trade has been built up largely from profits made on marketing farmers' grain. In return what has the Grain Trade done for the farmers? How much money has the Grain Trade contributed to the advancement of agriculture in Western Canada? How many thousand dollars has the Trade given to advance our knowledge of scientific agriculture? How many scholarships in scientific agriculture have been endowed by the Grain Trade? What part has the Grain Trade played in developing new and improved wheat varieties? Has the general level of agricultural education in the Prairies been raised by the Grain Trade? What service, other than handling his grain, for which it has been handsomely rewarded, has the Grain Trade rendered the farmer? In what way has the Grain Trade been a benefactor of the farmer? Needless to say, three words will answer the above questions—Nothing, None, and No!

The Grain Trade uses money made from farmers to condemn farmers' attempts to organize a superior marketing system.

The farmers have made possible Grain Trade profits. In return the Grain Trade has used part of these profits to condemn the successful attempt on the part of the Prairie farmers to better their own conditions. The Pool is not an organization built up by a few men to exploit the farmers. It is an organization of farmers who have come together to work for their mutual benefit by pooling their resources. The Pool is not interested in securing profits. Its primary function is to market its members' grain and return to its members every cent the consumer pays for his grain less only the necessary and minimum marketing costs. The Pool is not a band of inexperienced theorists as the Grain Trade would have us believe. It is a co-operative organization controlled by 136,000 farmers and operated in such a way as to return to the producer every possible cent for his crop. When the Grain Trade attacks the Pool it attacks 136,000 farmers working together for their mutual benefit; working to evolve a more efficient, less expensive, more remunerative, and more satisfactory form of marketing than the Grain Trade offers.

Pool now gives farmers what Grain Trade used to get.

After reading the propaganda put out by the Northwest Grain Dealers Association producers should ask themselves why the Grain Trade is taking such an interest in the farmers' affairs? Has the Grain Trade been so solicitous of the farmers' welfare in the past that we may trust it to guard zealously their interests in the future? There is, of course, only one possible answer to these queries. The Pool is now giving to the farmer what the Grain Trade used to get. The Pool has without question cut down the earning power of some private companies and naturally these companies do not love the Pool.

Pool's guarantee is hard on the Grain Trade.

The Grain Trade is fighting hard to regain its previous enviable position, that is, when it got large profits from mixing, drying, underweighing, undergrading, commissions and margins between prices paid and prices received. The Trade opposes the Pool because it knows full well that the Pool's guarantee to return to the farmer every cent his grain brings on the world's market minus only the necessary and minimum marketing costs means good-bye to the Grain Trade's lucrative returns.

Farmers prefer their own to the Grain Trade's service.

In brief, the farmers have organized together to serve themselves. They have found that they can do this more adequately and for less expense than the Grain Trade. The Grain Trade wants to serve the farmers, but it wants too much for a service much inferior to the farmers' self-service. Because the farmer insists upon serving himself the Grain Trade insists upon spending a lot of money (made in serving him in the past) to induce him to accept their inferior service at a greater cost than the farmers' own service.

Many of the arguments advanced by the Northwest Grain Dealers' Association are scarcely worthy of an answer. The answer to many of them must be apparent to every reader of their propaganda. To inform those members who have not secured the misinformation, published by Pool opponents, parading as farmers' friends, we give the nucleus of and the answer to several of their favorite arguments contained in their little booklet entitled, curiously enough, "Facts on Grain Marketing."

Who pays for anti-Pool propaganda?

The Pool opponents are continually repeating that the cost of the propaganda they put out is not paid for by farmers. Who else can possibly pay for it? The farmer who delivers his grain to the private companies makes possible their profits and in the long run must pay any expenses they incur to induce him to continue to deliver his grain to them and continue to increase their profits.

Grain Trade knowingly distributes false information.

The Grain Trade lays great stress on the fact that the final payments made by the Pool for the 1923, 1924 and 1925 crops were less than the open market "average" prices during the same years. As the discrepancy was greatest for the crop of 1925 they emphasize that year most. They quote, quite correctly, that the final Pool payment for the 1925 crop was \$1.45. They also contend that the open market "average" price for the crop year was \$1.51 basis No. 1 Northern at Fort William. The interpretation placed upon these facts by the Grain Trade is grossly unfair and misleading. Moreover, the false interpretation is no mere accident as the Grain Trade is bound to know that their interpretation cannot possibly be justified. The

quoted "average" of \$1.51 was obtained by adding together all the official daily closing market prices and dividing the sum by the number of days—301. There are scores of different averages. In making a statistical study the type of average which is selected will depend on the data with which one is dealing. The average selected should be the one which gives the truest possible representation of the figures. The Grain Trade, however, selects an average to suit their purpose—to deceive the farmers. The average of \$1.51 quoted by the Grain Trade is useful for only one purpose, to create a false impression. Such an average does not take into consideration the volume of grain sold by the farmers at various prices throughout the year, nor does it allow for the costs of storing, insuring, and the interest charges (approximately 1½c per bushel per month) which must be paid to hold grain.

Non-Pool farmers did not get \$1.51 for their 1925 crop.

The only fair and adequate way to make a comparison of non-Pool and Pool prices would be to divide the total amount of money paid by all grain companies to farmers by the number of bushels bought. Such figures are not available. The Grain Trade's contention that Pool farmers have lost much money because they did not get the open market average is grossly misleading. The so-called average is a fictitious and valueless figure. The only basis upon which one could contend that non-Pool farmers got the so-called open market average would be to assume that they sold an equal amount of grain each day at the market price plus enough extra to make up the carrying charges. Such an assumption is, of course, absolutely ridiculous. Had the non-Pool farmers sold their grain in such a way the open market average would have been something quite different from \$1.51.

Who knows the average price paid non-Pool farmers? Millions of bushels of 1925 crop sold for less than \$1.14.

Nobody knows the average price paid for non-Pool wheat. Some farmers undoubtedly got considerably more for their grain than Pool farmers. Many farmers undoubtedly got considerably less for their grain than Pool farmers. The number that got more and the number that got less no one knows. We do know, however, that over 290,000 bushels of the 1925 wheat crop were delivered at country points from September 1st to December 15th. We also know that of this amount about 45 to 50 per cent was street wheat and that all non-Pool street wheat sold for a great deal less than the Pool price, as the average price for street wheat during this period was \$1.14, basis a 26 and 27 cent per hundredweight freight rate point. We also know that a large, but unknown amount (no one knows the amount of this wheat sold at the country elevator, on track, or after it reaches the terminal, therefore you cannot say deliveries represent sales) of the other 50 to 55 per cent (the car load wheat) was sold at the time or very soon after delivery. The bulk of the car load wheat sold shortly after delivery brought very much less than \$1.37, the average price, basis No. 1 Northern at Fort William, for the period between September 1st to December 15th, as a great deal of it was sold in October when prices were much lower than \$1.37, let alone the Pool price of \$1.45.

Much of the 1925 crop sold for less than \$1.31 per bushel, basis No. 1 Northern, Fort William.

The Northwest Grain Dealers' Association informs us that "it is very interesting to note that only on 69 days out of the entire crop year was the closing price of No. 1 Northern in store Fort William below the Pool's announced price of \$1.45." It is also very interesting to note that during sixty days (September 11th to November 20th) of this period over 186,000 bushels of wheat were delivered to the country elevators, a large part of which was sold when delivered. The average quoted price for No. 1 Northern at Fort William during this period was \$1.31.

Difference in price for 1924 and 1925 crops inevitable.

The Grain Trade is informing the farmers that the Pool allowed prices to drop 21c per bushel, as the Pool paid \$1.66—basis No. 1 Northern—for the 1924 crop and only \$1.45 on the same basis for the 1925 crop. We need pay little attention to such shallow arguments. The price of wheat is set in the long run at a point where the many forces which determine supply and the many forces which determine demand are in equilibrium. The Pool, the Grain Trade or no non-governmental agency in the world could possibly have prevented the drop in prices from 1924 to the 1925 level. To mention only one, though the main one, of a number of factors responsible for the decline, the world's wheat production in 1925 was 3,909,487,000 bushels and in 1924 it was 3,469,640,000 bushels. Canada's wheat production in 1925 was 436,375,000, and 262,097,000 bushels in 1924. The Pool never has on any occasion even suggested let alone contended, that it could fix the price of wheat. The Pool realizes that the price of wheat is determined by many factors and that no one can say definitely the magnitude of the effect of each factor. We repeat, the Pool has never even implied that it could fix prices, and is not so foolish as to attempt it.

The Grain Trade knows not how the Pool sells its wheat.

By juggling figures in a very quaint manner the Grain Trade tells the farmers that the Pool sold an average of 31,850,000 bushels per month of the 1925 crop during a period of three and one-half months. The Grain Trade knows nothing about how much the Pool sold each month. The figures given are so far from the truth that they are positively ridiculous. Responsible Pool officials have never contended that the Pool sold about the same amount of wheat each month. Pool wheat is sold in varying amounts from time to time depending on the demand and the total amount of wheat to be sold. Pool officials frankly state that the Pool will sell more wheat in the fall months if the demand is good, than in the other months if the demand is not so strong as it is in the autumn.

2. WHY FARMERS SHOULD HURRY TO SIGN THE NEW CONTRACT

Under the title of "Why The Hurry?" the Northwest Grain Dealers' Association makes another contribution to anti-Pool literature. The booklet contains a curious array of facts, misinformation, platitudes, false implications and subtle, but nevertheless shallow arguments. The sole purpose of the booklet is, of course, to undermine the farmers' confidence in the Pool and induce them to refrain from signing the new contract. The pamphlet purports to compare the relative advantages of the private Grain Trade method and the Pool method of marketing. The comparison, however, is a very curious one. All the alleged advantages of the Grain Trade are given and balanced against all the alleged disadvantages of the Pool. The conclusion drawn, of course, is that the advantages of the private Grain Trade system are so overwhelming and the disadvantages of the Pool system are so numerous, fatal and insurmountable, that farmers would be well advised, and it would be to their very best self interests, to abandon the Pool plan and go back to the private system. Farmers are foolish, the pamphlet argues, to stick to an organization which has robbed them of so much when the private Grain Trade, manned exclusively by altruistic gentlemen, who are extremely anxious to minister to the farmers' every whim and who are motivated solely by a burning desire to do everything possible to enhance the producers' welfare, stands ready to give them the best possible service at less than the least possible price. We propose to answer the booklet section by section.

Pool members get much in addition to all the advantages of bulk handling.

The bulk of the pamphlet is given over to comments on the Pool contract from nearly all of which a false inference is drawn. The first several sections are general platitudes which have nothing whatsoever to do with the main argument of the booklet—namely the reasons why farmers should not sign the new contract. For instance, take the first point which the Grain Trade thinks deserves special notice, the statement about bulk handling. It reads as follows: "Bulk handling is more completely provided for than in any other country. Grain can be accumulated at all country marketing points, can be shipped in whole trainloads to still greater accumulating terminal points, from which it can be moved by trainload or by car load. From country stations to the seaboard, all economics and advantages of bulk handling exist in Canada." Now we all must admit that the statement is one of fact, but what in the world has it got to do with the argument of the Grain Trade, that farmers better give up the Pool plan (the plan, mind you, which guarantees to every Pool member every cent the consumer pays for his product minus only the minimum and necessary marketing charges) and go back to their old love, the private Grain Trade—the plan, mind you, whereby all the gains due to mixing, drying, commissions and margins between prices paid and prices received go to private traders and not to the farmers as under the Pool plan. Pool members get all the advantages of bulk handling, as the Grain Trade has no monopoly of grain handling facilities.

Pool members get better prices as well as the advantages of Government grading.

The second feature to which the Grain Trade thinks special attention should be given is the fact that the Dominion Government does the grading. Well, what of it? Of course, the Dominion Government does the grading, but what has that to do with the argument of the Northwest Grain Dealers' Association that the Pool plan, (the plan, as you all know, which ensures,

among many other features, an increase in the farmers independence and income by giving him a voice in the selling of his crop) should be forsaken for the plan of the private Grain Trade (the plan, as you all know, which has been tried for years and found to be too costly and extremely unsatisfactory by the farmers). Farmers get all the advantages of government grading regardless of whether they market their grain through the private Trade or through the Pool.

The private Grain Trade leads inevitably to relatively high costs and inefficiency.

The third special feature to which the Grain Trade draws the farmers' attention is in part, as follows: "Farmers for many years past have had more country elevator capacity in proportion to grain produced than is available to farmers in any other district in the world." But is this anything to boast about? Why tell the farmers that which they know only too well, that is, that the inevitable result of the private Grain Trade system is more elevators than are necessary to handle the farmers' grain economically? Why ask farmers to forsake the Pool plan, which, due to its large volume of business, makes possible well equipped plants operated at a low cost, for the private Grain Trade plan which provides a large number of plants, a great number of which have a small turnover, large overhead and high cost? The large turnover of the Pool enables it to take advantage of the economies of large scale production. Labour, management, rent, interest, insurance, depreciation and other necessary charges per bushel of grain handled are lower under the Pool than under the old plan. It is self evident that having one man do what many men did before, or having one plant handle what many plants previously handled or one efficient staff do what many staffs did, must of necessity mean great economy. We ask those who do not think it is self evident to compare the operating costs of the Alberta Pool which were considerably less than one-half cent a bushel in each of the three years it has operated—and the cost of 1/5 of a cent per bushel to operate the Central Selling Agency, with the price they paid for the same service to the private Grain Trade. The inevitable result of the competition of the private Grain Trade is too many elevators, which means lower handling per elevator, less efficiency and greater cost, and we are rather surprised to find the Grain Trade drawing our attention to this fact.

United States Department of Agriculture demonstrates that individual farmers do not sell their grain to good advantage.

Under the heading of "Either Spot Cash or an Advance" the Northwest Grain Dealers' Association enumerates the options the farmer has in selling his wheat under the old system. The first option they mention is that he may sell outright for cash at the elevator door. No mention is made, of course, of the wide and, in many cases unjustifiable, spreads between the Winnipeg prices and the prices paid for street wheat.

The second option mentioned by the Grain Trade is that any farmer may have any quantity stored and may sell it at any time thereafter he chooses. Our answer to this argument is that having the option to choose when to sell is not of much value to the individual farmer when he has little or no information to enable him to choose an advantageous time to sell. It is notoriously true that farmers, due to the fact that they must devote their full time to conducting their farming operations, are not good judges of the market. This fact was brought out strikingly recently by a preliminary report on farmers' elevator operations in the Northwestern States issued by the Bureau of Agricultural Economics of the United States Department of Agriculture. Fifty representative elevators were

selected for study. Data were compiled from the elevator audit statements which show how farmers managed to judge the market. The report shows conclusively that for the year studied farmers sold most of their wheat when prices were low. The study is an actual confirmation of what all grain men know to be true, namely, that farmers are not in a position to be good wheat salesman. And what else can you expect? The farmer has little or no information which will enable him to decide when to sell, he has too much to do to fit himself properly to sell his grain well. The Pool, on the other hand, has the most up-to-date information on present and probable future grain production and consumption in all countries and prices in all markets and having control of a large volume of grain is in a position to get appreciably better returns than the average individual farmer who sells his wheat in an unenlightened manner.

Pool in a position to secure better returns than the individual producer.

The alleged advantage of the old system, that is, the farmers' privilege to choose the time to sell their grain, is in reality no advantage at all as farmers do not know when to sell. It is very well known that the reaction of the average farmer to a rising market is to hold his grain for still higher prices until prices begin to decline. It is also a well known fact that the reaction of the average farmer to a falling market is to become frightened and, thinking prices will go still lower, rush to sell which quickly sends prices downward. Under the Pool plan the farmer does not need to worry about the market as he knows full well that his grain will be sold to good advantage by expert salesmen and that he is assured a good average price for it.

There is no denying the fact that the Pool method of making payments is a very valuable innovation.

The Grain Trade's sixth argument against the Pool is that under the Private Grain Trade's marketing plan the farmer can sell his grain on any day in any position for spot cash. What of it? Many people can buy many commodities for spot cash considerably below their true value. This argument is the old one that farmers are better off to receive the receipts for their crop in one lump sum in place of receiving their returns in several payments. We contend, anything the Grain Trade has said to the contrary notwithstanding, and practically all the merchants, bankers and other business men in Western Canada will back up our contention, that the Pool plan of making payments is an innovation which has resulted in wiser spending, less credit, putting farming more nearly on a cash basis, and a much more contented farming population.

Should we sympathize with the Grain Trade?

Why this little booklet called "Why The Hurry?" gives us so many opportunities to expound on the many virtues of the Wheat Pool plan that we simply cannot be in a hurry to answer the Grain Trade's queries. You know, after all, one cannot help feeling a little bit sympathetic toward those who have to debate on the side of the Grain Trade. We have so much the better of the argument that it seems a pity to analyze all the statements of the Grain Trade, because it is really very difficult for them to argue against the Pool plan, at all comprehensively, without paying the Pool very handsome compliments. But we must hasten to answer the rest of the so-called arguments.

Under the heading "Free From Restrictions," the booklet enumerates four alleged advantages of the open market system. The first of these reads as follows: "It is not necessary to bind oneself by a contract for a five-year term." Our answer is that the majority of the farmers of Western Canada having tried the open market system have found it sadly lacking

and have built up a superior system to replace it, one of the features of which is the use of contracts. The principal reason for using a contract is to ensure the Pool of a sufficient volume of business over a period of years to enable it to operate effectively and efficiently and render the best possible service to all Pool members.

Grain Trade prevaricates once more.

The second alleged advantage, which contains an implied falsehood, reads as follows: "There are no penalties, injunctions, or imprisonment, for making a change in the method of marketing, whenever a farmer chooses to do so." The contract does not contain the word imprisonment. The use of the word by the Grain Trade shows the lengths to which Pool opponents will go to create suspicion and distrust by false statements. In speaking of penalties, the Grain Trade apparently has in mind the liquidated damages clause of the Pool contract. This clause is merely a provision to protect the Association due to the fact that it is practically impossible to determine the damage done to the Pool by members who violate their agreement with their fellow members. The contract is merely an agreement stating the responsibilities and duties of the individual to the group and the group to the individual. It is an agreement stating the mutual understandings of the two contracting parties.

Pool and Grain Trade deductions contrasted.

The third special alleged advantage of the open market system is stated as follows: "There are no special deduction from the sale price, such as those taken by the Pool, to be held at its pleasure with or without interest as it alone decides." The deductions from the proceeds of the farmers' grain taken by the Grain Trade, may not be special ones, but they are most certainly deductions nevertheless, and very substantial ones at that. How about their profits from mixing, drying and their spreads between prices paid for street wheat and prices received by grain dealers, to mention only two of several sources of deductions? A form of deduction of which many people are not aware is the premium paid for spot wheat over the prevailing option. Street wheat prices are based on the price of futures, (that is, the price of wheat to be delivered at Fort William on a future date), but elevator companies who get the wheat at Fort William, (and many of them do), before the date of delivery of the wheat they sell to hedge their country purchases, get spot prices for it, which prices have been higher than the future prices for the past few years.

Elevator deductions provide the best possible elevator services.

One of the special deductions the Grain Trade speaks of is the two cents per bushel deducted to enable the Pool to give its members fair treatment, fair grades, fair weights and good service through Pool country and terminal elevators. The other special deduction refers to the provision which allows the Pool to deduct not more than one per cent of the gross selling price of the grain as a commercial reserve. A business concern which does not make provision for building up a reserve to take care of contingencies is not a very well managed institution. Moreover, these deductions belong to the individual farmers. Each member is credited on the Pool books with the exact amount deducted from the proceeds of his crop, and is sent a statement each year which shows the amount credited him. In addition, each member receives six per cent interest per annum on the amount credited him in the elevator fund. The accumulated interest on the elevator reserve from the 1924 crop will be paid immediately. The differences between the Pool's deductions and those taken by the Grain Trade are: No. 1. The Pool deductions are a definitely known amount, the Grain Trade deductions are not. No. 2. The Pool deductions are not

more than three cents per bushel, the Grain Trade deductions are, on many types of grain, considerably more. No. 3. The Pool deductions are credited to farmers, interest is paid on them, and the deductions will be paid back to the farmers. The Grain Trade deductions on the other hand are taken from farmers by private individuals never to be returned, unless perhaps, in part, in the form of little booklets such as "Facts on Grain Marketing" and "Why The Hurry?"

Pool salesmen can sell better than competing farmers.

The fourth special point regarding the open market system introduces no new argument. It is merely a restatement of their old argument that a farmer can sell his wheat under the open market system and get paid in full for it rather than wait for twelve months. Of course, no mention is made of the superior method of payment under the Pool plan, or the better prices obtained by the Pool by substituting the selling of a large volume by experts in place of selling by individual competing producers.

Large part of 1925 crop sold for less than \$1.31 at Fort William.

The next argument the Grain Trade presents is their old false cry about average prices. The Grain Trade restates the same old argument in a new way thus: "On 232 out of 301 market days in the crop year of 1925-26 open market prices were higher than the price basis upon which the Pool paid its members." Our answer is that during sixty days of the period when the open market price was below the Pool price (September 11th to November 20th) 186,000,000 bushels (over 42% of the total crop of 1925) were delivered at country elevators and that the average quoted price for No. 1 Northern at Fort William during the same period was \$1.31 per bushel. Moreover, a great deal of this wheat was sold in October when prices were below \$1.31, let alone the Pool price of \$1.45.

Pool has been urged from all quarters to send out new contracts.

Under the heading of "Should Be No Need for Contract" the Grain Trade booklet contends that it is now the Pool executive and not the farmers who are keen about the contract. The statement is absolutely false. As a matter of fact the Pool office has had to answer hundreds of letters asking why the Pool was not sending out the new contracts. There has been pressure for several months from many country sources requesting the Pool to send out the new contracts. Pool meetings by the score have passed resolutions asking that farmers be given a chance to sign the new contract. The directors of the Alberta Pool have held over 250 meetings throughout the length and breadth of the Province during the past five months. At practically every meeting the question was asked "When will the new contracts be ready to be signed?"

The Grain Trade's statement that it is the Pool officials and not the Pool members who are keen about the new contract is a figment of the imagination to put it very mildly. We have many reports of meetings on record, where resolutions have been passed expressing desire to sign the new contract. We do not make a practice of forecasting the future, like our friends the members of the Grain Trade, but we have no hesitation in saying that from every point in the Province we receive information which makes the prediction of a large Pool sign-up on the new contracts almost a certainty. The interest shown in the Pool, the belief in its principles, the confidence in its management, and the conviction that it is a permanent institution is by no means confined to Pool members. We have received word from many merchants, bankers, business men, Kiwanis clubs, boards of trade and other non-agricultural organizations throughout Alberta to the effect that they are heart and soul behind the Pool and will do everything in their power to secure a large sign-up for the crop years of 1928 to 1932 inclusive. As an example of the type of message we frequently

receive, we give you a quotation from a letter just received from Mr. H. C. Sim of Hanna. Mr. Sim's message is as follows: "The Agricultural Society, the Kiwanis Club and the Board of Trade of Hanna expect to put over a 100 per cent sign-up on the new contracts."

It is very easy to justify the use of contracts.

Our answer to the Grain Trade's statement that there is no need for a contract are as follows: No. 1. We use a contract to make sure of a sufficient volume of business over a period of years to operate efficiently and effectively. No. 2. When we have a contract we know approximately the volume of business we will have and thus have a definite basis for our merchandising policy. Knowing the approximate amount of grain we will handle also enables us to make favourable arrangements for financing. No. 3. The members have much more confidence in an organization which has contracts as they know it will be more permanent than an association which is not assured steady patronage. No. 4. The power of the Grain Trade to undermine the confidence of members and attempt to break the organization by offering inducements such as grades and prices above the true grades or true competitive prices is greatly reduced by the contract. No. 5. The contract guarantees the producers that they will not have to bear the burden of the disloyal members and pay their share of the expenses in addition to their own share. No. 6. The contract protects the Pool against the members taking advantage of all the Pool's services and then selling outside if speculation sends prices temporarily above their normal level. No. 7. The contract is a convenient way to state the responsibilities, privileges, understandings, and duties of the contracting parties. It is merely a business agreement between the individual member and the group of members.

No arguments essentially new are given on page seven. It consists merely of a few extracts from the Saskatchewan Pool contract and an attempt to interpret them in a light that will make the farmer believe he is accepting an invitation to the Poorhouse, when he signs a Pool contract. Any member may secure the important and true part of the information given on page 7 of the booklet by reading a few clauses in the Pool contract.

The Grain Trade adroit at juggling words and phrases as well as figures.

On page 7 the Grain Trade makes the statement that "If a farmer dies, his heirs remain bound and are not free to decide their own course of action." This is their interpretation of clause twenty-two of the Wheat Pool contract which states that a grower's personal representatives, successors and assigns shall be bound by the contract, as long as he raises wheat in Alberta. Their dexterity at juggling words and phrases appears to be equally unprincipled whether referring to the living or the dead, for even a superficial examination of the Pool contract shows that no reference is made to the heirs or beneficiaries of a deceased Pool member. Clause twenty-two applies only to persons into whose hands the control of wheat belonging to a Pool member has passed, during the life time of the member, and is a protection to the Pool, and to each member individually, in that it lessens the possibility of fraudulent transfers of the title to wheat into the names of persons who would dispose of it through the Grain Trade.

Pool has paid interest on 1924 elevator reserves.

The arguments used on page 8 and the first half of page 9 of the booklet are regarding the deductions for the elevator fund and the commercial reserve. We have already answered them. The Pool has always credited all members with interest on their contribution to the elevator reserve and has sent out the cheques paying interest on the deductions from the pro-

ceeds of the 1924 crop. The Grain Trade's contention that the Pool does not guarantee service for the deductions which it uses to build elevators will sound very strange to those who are so fortunate as to be served by a Pool elevator.

The administration of our legal system involves rules of equity as well as rules of law.

The phrase "Inasmuch as the remedy at law would be inadequate," occurring in clause twenty-four of the Pool contract, has been the target for another of the Grain Trade's empty and deliberately false criticisms. The words "at law" as used in the clause just mentioned, have a strictly technical meaning which is thoroughly understood by those of the Grain Trade who ask the misleading questions—Why cannot the Pool contract rest upon the general laws of the land, as do other contracts? Why should the Pool require preferential legislation and take the position that "the remedy at law would be inadequate to protect its contract."

The administration of our legal system involves two quite distinct sets of rules and principles. On one hand, there are the rules of Law, on the other, the rules of Equity. The former provide remedies by enforcing the payment of damages in specified sums of money; the latter provide further remedies by the way of injunction or by decreeing that the contract be specifically performed. When the remedy provided by the rules of Law is not sufficient to fully compensate a plaintiff for damage suffered, it is customary to call in the rules of Equity for additional relief.

When the Wheat Pool contract adopts the phrase, (which is universally used in the business world,) that the "remedy at law is inadequate"—the reference is entirely to the remedy provided by the rules of Law, as distinguished from Equity, and contains no suggestion that the Pool contract is unable to stand on its own feet before the usual courts of the land, and according to our customary legal principles.

Why the Pool is renewing its contracts in 1927.

The booklet concluded by asking the question why farmers should be in a hurry to sign the new contract. Our answers are: No. 1. We wish to avoid the confusion of having thousands of contracts coming into the Pool office each day next winter when the staff is working overtime doing all the work connected with receiving grain. No. 2. We wish to keep the members of the Pool staff busy during the summer months. Due to the nature of the grain business employees usually have to work overtime in the autumn and winter and are not fully engaged in the summer months. To receive over 40,000 contracts entails an enormous amount of clerical work such as filing, recording, posting all the necessary books, etc., which work can be done in the slack months entailing little or no extra expense. No. 3. We wish to give farmers ample time to sign the contract and avoid the expense of attempting to secure forty thousand members in a few weeks. We are giving all Pool members until August, 1928, to sign the contract without any expense to them. No. 4. We are convinced that the Alberta Wheat Pool is a permanent institution and we do not need to wait until the last minute to see if the farmers will sign a new contract. We know the farmers will want to continue their own institution which has been of so much benefit to them. No. 5. We are merely meeting the persistent demand of our members by sending them contracts to be signed.

